Basic information

2014/2059(INI) INI - Own-initiative procedure	Procedure completed
European semester for economic policy coordination: implementation of 2014 priorities **Subject** 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	DE BACKER Philippe (ALDE)	22/07/2014
	Shadow rapporteur ROSATI Dariusz (PPE) SZANYI Tibor (S&D) TERHO Sampo (ECR) MATIAS Marisa (GUE/NGL) EICKHOUT Bas (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets (Associated committee)	TORVALDS Nils (ALDE)	23/07/2014
EMPL Employment and Social Affairs (Associated committee)	GUTIÉRREZ PRIETO Sergio (S&D)	22/07/2014
ENVI Environment, Public Health and Food Safety	GERBRANDY Gerben-Jan (ALDE)	24/07/2014
IMCO Internal Market and Consumer Protection	COFFERATI Sergio Gaetano (S&D)	17/07/2014

European Commission

Commission DG	Commissioner
Secretariat-General	BARROSO José Manuel

Key events

Date	Event	Reference	Summary
13/10/2014	Vote in committee		
15/10/2014	Committee report tabled for plenary	A8-0019/2014	Summary
20/10/2014	Committee referral announced in Parliament		
20/10/2014	Referral to associated committees announced in Parliament		
21/10/2014	Debate in Parliament		
22/10/2014	Decision by Parliament	T8-0038/2014	Summary
22/10/2014	Results of vote in Parliament		
22/10/2014	End of procedure in Parliament		

Technical information

Procedure reference	2014/2059(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/00849

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE537.268	01/08/2014	
Amendments tabled in committee		PE537.316	09/09/2014	
Committee opinion	ENVI	PE537.266	25/09/2014	
Committee opinion	IMCO	PE537.327	26/09/2014	
Committee opinion	BUDG	PE537.314	30/09/2014	
Committee opinion	EMPL	PE537.203	02/10/2014	
Committee report tabled for plenary, single reading		A8-0019/2014	15/10/2014	Summary
Text adopted by Parliament, single reading		T8-0038/2014	22/10/2014	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2015)27	17/02/2015	

European semester for economic policy coordination: implementation of 2014 priorities

2014/2059(INI) - 22/10/2014 - Text adopted by Parliament, single reading

The European Parliament adopted by 426 votes to 240, with 10 abstentions, a resolution on the European Semester for economic policy coordination: implementation of 2014 priorities

Recalling that the European Semester plays an essential role in coordinating economic and budgetary policies in the Member States, Parliament stressed the following issues:

Stimulate growth and investment: Parliament stressed that the challenges of the current economic situation, characterised by **sluggish GDP** – stable in the eurozone and rising by 0.2% in the EU-28 during the second quarter of 2014 – **remarkably low inflation** – down to 0.3% in August 2014, its lowest level since November 2009 – and **unacceptably high unemployment** – 11.5% in the eurozone and 10.2% in the EU-28 in July 2014 – have to be addressed urgently.

Even though the economic recovery in the EU had encouraging signs in the previous two years, this recovery is very fragile and uneven, and must be sustained in order to deliver more growth and jobs in the medium term. The Commission is called urgently to set in motion a **European investment program of EUR 300 billion** as proposed by Jean-Claude Juncker to contribute to the short term recovery of European growth.

National implementation of the country-specific recommendations (CSRs): Members stressed that there is an **inconsistency** between European commitment and national implementation of the CSRs by Member States. They are concerned that, according to the Commission, only 10 % of the CSRs for 2013 have been fully implemented. They noted, furthermore, that 45% of CSRs have seen limited or no progress.

The resolution stressed the importance of 'national ownership' by the relevant governments of EU-level commitments. CSRs should be formulated so as to provide policy space to Member States for designing the measures and specific reforms required for addressing such recommendations.

The Commission is urged to ensure concrete recommendations to the Member States and for the EU as a whole, including those under economic adjustment programmes, so that they not only address fiscal consolidation but also **structural reforms that lead to real, sustainable and socially balanced growth, employment**, strengthened competitiveness and increasing convergence.

Economic and monetary union: Parliament called on the Commission to put forward proposals for the completion of the EMU without delay in accordance with all the guidelines in its blueprint on a deep and genuine EMU. It reiterated once more its demand for a legal act on '**convergence guidelines**' to be adopted under the ordinary legislative procedure and suggested that, on this basis, the Member States could enter into a **' convergence partnership**' with the EU institutions, with the possibility of conditional funding for reform activities. Members invited the future Commission to put forward a proposal on the **single external representation of the euro area.**

Financial sustainability and flexible application of the Stability Pact: while stressing that fiscal sustainability is a prerequisite for a long term growth, Parliament stressed that special emphasis should be placed on **growth-enhancing reforms and policies** especially by those Member States that have fiscal space to invest in order to promote growth and facilitate rebalancing in the Euro area. It recalled that the existing legal framework makes it possible, provided reforms have been initiated, to allow Member States a degree of flexibility, and urges that this flexibility should be exploited.

Recommendations: Parliament supported the objective of placing emphasis on policies that enhance competitiveness, support investment and job creation, fight unemployment and improve the functioning of the labour market in particular in sectors with high growth potential. It stressed that **cohesion policy** represents a prominent investment framework for channelling growth friendly expenditure.

The Europe 2020 Strategy should be fully take into account in the implementation of the European Semester.

Parliament stressed the following priorities:

- **modernise their economies, social security systems, pension systems and health care**, in order to avoid placing an excessive burden on future generations;
- target structural reforms at improving **labour markets' capacity to integrate young people** as well as other excluded groups into the workforce and should be able to present opportunities to older workers; establish a **common and inclusive labour market** and a common modern and inclusive immigration policy by avoiding protectionist tendencies;
- implement an **ambitious European energy policy** which, by increasing security of supply and innovation in the energy sector, can bring about greater economic stability and growth;
- **simplify tax systems** so as to restore a favourable environment for undertakings in all Member States without exception and to cut red-tape and reduce administrative burden;
- complete the structural reforms by **longer-term investment in education, research, innovation**, a modern infrastructure and sustainable energy to enhance digital and ecological transition;
- remedy the **lack of access to finance**, particularly for SMEs
- propose measures to complete the **internal market for capital** to improve the allocation of capital to businesses in order to revitalise the real economy;
- stress the importance of the expedition and completion of the **banking union**;

- ensure that the **green economy** is considered as a major driver for the development of the economy.

Parliament called on the new Commission to make the **employment recovery an absolute priority** by drawing up an ambitious and holistic strategy for growth and quality job creation and to propose a **European framework** introducing minimum standards for the implementation of the Youth Guarantees.

Democratic accountability: the resolution stressed the need to strengthen democratic accountability to the European Parliament and the national parliaments as regards essential elements of the euro area's operation, such as the European Stability Mechanism, Eurogroup decisions, and the monitoring and evaluation of financial assistance programmes.

Members urged the Commission and the Member States, to incorporate financial assistance and the ad hoc system of the Troika into an **improved legal structure** compliant with the EU economic governance framework and community law, thereby guaranteeing democratic accountability. They requested that the Commission reports on a quarterly basis in Parliament's competent committee on the measures taken to ensure progress on the implementation of the CSRs and on the progress achieved thus far. They invited Member States to explain the reasons for non-compliance with the CRSs in Parliament's competent committee.

European semester for economic policy coordination: implementation of 2014 priorities

2014/2059(INI) - 15/10/2014 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Philippe DE BACKER (ADLE, BE) on the European Semester for economic policy coordination: implementation of 2014 priorities.

The Committee on Budgets, exercising its prerogatives as an associated committee under Parliament's Rule 54 of the Rules of Procedure, was also consulted to give an opinion on the report.

Recalling that the European Semester plays an essential role in coordinating economic and budgetary policies in the Member States, the report stressed the following issues:

Stimulate growth and investment: the committee stressed that the challenges of the current economic situation, characterised by **sluggish GDP** – stable in the eurozone and rising by 0.2% in the EU-28 during the second quarter of 2014 – **remarkably low inflation** – down to 0.3% in August 2014, its lowest level since November 2009 – and **unacceptably high unemployment** – 11.5% in the eurozone and 10.2% in the EU-28 in July 2014 – have to be addressed urgently.

Members underlined that an ambitious initiative for triggering investment across the EU is urgently needed to relaunch and sustain economic recovery. They, therefore, called on the next European Commission to **enhance European investment by EUR 300 billion** as announced in the political guidelines by Jean-Claude Juncker.

Country-specific recommendations (CSRs): Members stressed the inconsistency between European commitment and national implementation of the CSRs by Member States. They highlighted that ownership of the CSR by national parliaments needs to be strengthened and they called on the Commission to submit proposals on ways in which the recommendations of the European Semester could be made more binding.

Stressing that the financial, sovereign debt and competitiveness crisis cannot be solved by means of a loose monetary policy alone, Member stressed, therefore, the importance of **continuing the process of deep, balanced and socially sustainable structural reforms** to deliver on growth and job.

Economic and monetary union (EMU): the EMU is far from complete, Members reminded the Commission of its obligations and commitments to take into account macroeconomic imbalances inside the EU and notably the eurozone to enhance economic and budgetary coordination and strengthen competitiveness in the EU.

In this respect, they reiterated once more their demand for a legal act on '**convergence guidelines**' to be adopted and called on the Member States to enter into a '**convergence partnership'** with the EU institutions, with the possibility of conditional funding for reform activities.

Flexible application of the Stability Pact: while stressing that fiscal sustainability is a prerequisite for a long term growth, Members stressed that special emphasis should be placed on **growth-enhancing reforms and policies** especially by those Member States that have fiscal space to invest in order to promote growth and facilitate rebalancing in the Euro area. They recalled that the existing legal framework makes it possible, provided reforms have been initiated, to allow Member States a degree of flexibility, and urges that this flexibility should be exploited.

Recommendations: the committee supported the objective of placing emphasis on policies that enhance competitiveness, support investment and job creation, fight unemployment and improve the functioning of the labour market in particular in sectors with high growth potential.

The report stressed the following priorities:

- **modernise their economies, social security systems, pension systems and health care**, in order to avoid placing an excessive burden on future generations;
- target structural reforms at improving **labour markets' capacity to integrate young people** as well as other excluded groups into the workforce and should be able to present opportunities to older workers; establish a **common and inclusive labour market** and a common modern and inclusive immigration policy by avoiding protectionist tendencies;
- implement an **ambitious European energy policy**;

- **simplify tax systems** so as to restore a favourable environment for undertakings in all Member States without exception and to cut red-tape and reduce administrative burden;
- complete the structural reforms by **longer-term investment in education, research, innovation**, a modern infrastructure and sustainable energy to enhance digital and ecological transition;
- remedy the **lack of access to finance**, particularly for SMEs
- propose measures to complete the **internal market for capital** and to complete the **banking union**;
- highlight the job potential of the **green economy**, which according to Commission estimates could create 5 million jobs by 2020.

Concerned about the EU unemployment and youth unemployment rates (25.005 million unemployed in the EU-28 in June 2014 and 5.06 million unemployed young people in the EU-28 in July 2014), the report called on the Commission to **make the employment recovery an absolute priority** by drawing up an ambitious and holistic strategy for growth and quality job creation.

Democratic accountability: Members stressed the need to strengthen democratic accountability to the European Parliament and the national parliaments as regards essential elements of the euro area's operation, such as the European Stability Mechanism, Eurogroup decisions, and the monitoring and evaluation of financial assistance programmes.

They requested that the Commission **reports on a quarterly basis in Parliament's competent committee** on the measures taken to ensure progress on the implementation of the CSRs and on the progress achieved thus far. They invited Member States to explain the reasons for non-compliance with the CRSs in Parliament's competent committee.